



Ministry of Housing,  
Communities &  
Local Government

Local Government Finance Settlement 2020-21

Responses to the Technical Consultation



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## Introduction

1. Government launched a technical consultation on proposals for the 2020-21 local government finance settlement on 3 October 2019. This was open until 31 October 2019. The document can be found at:  
<https://www.gov.uk/government/consultations/local-government-finance-settlement-2020-to-2021-technical-consultation>.
2. In summary, the technical consultation set out the Government's proposed approach to the 2020-21 settlement:
  - a new £1.41 billion Social Care Grant for adult and children's social care, including £1 billion of new funding;
  - uprating the 2019-20 Settlement Funding Assessment in line with the change in the small business non-domestic rating multiplier;
  - a core council tax referendum principle of up to 2%; an adult social care precept of 2% on top of the core principle; and no referendum principles for parish councils and mayoral combined authorities;
  - committing to retain the top-slice of Revenue Support Grant to fund New Homes Bonus in 2020-21 at £900 million;
  - maintaining existing improved Better Care Fund (iBCF) funding at 2019-20 levels, as well as rolling the £240 million which was allocated as Winter Pressures Grant this year into the improved Better Care Fund, with the same distribution as this year; and,
  - continuing Rural Services Delivery Grant at £81 million, with all recipients receiving the same amount as in 2019-20.

## Responses to the consultation

3. The 219 responses received to this consultation have been given full consideration as part of the development of the provisional local government finance settlement for 2020-21. The Government is very grateful to everyone who took time to respond to the consultation.
4. The table below gives a breakdown of consultation responses included in this analysis by the type of respondent.

<b>Type of Authorities</b>	<b>Number of responses</b>	<b>% of total responses</b>
Combined Authority	1	0.5%
Fire and Rescue Authority	20	9.1%
GLA	1	0.5%
London Borough	13	5.9%
Metropolitan District	29	13.2%
Shire County	20	9.1%
Shire District	81	37.0%
Unitary Authority	28	12.8%
Local Authority Association	6	2.7%
Member of the public	1	0.5%
Other representative group	13	5.9%
Parish or Town Council	6	2.7%
<b>Total</b>	<b>219</b>	

5. This document provides an overview of the responses received but does not attempt to capture every point made in the responses.
6. Percentages are calculated from the number of respondents providing a direct answer to each question. Percentages do not include 'no comment' answers.
7. These responses were analysed and considered in taking decisions on the provisional local government finance settlement 2020-21, published on 20 December 2019.

## Distribution of Revenue Support Grant

### **Question 1 - Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?**

Number of responses: 190

Respondents supporting the proposal: 175 (92%)

Respondents opposing the proposal: 14 (7%)

Neither agreed nor disagreed: 1 (1%)

8. The technical consultation sought views on the rolling forward of the 2019-20 local government finance settlement. It proposed uprating Settlement Funding Assessment in line with the change in the small business non-domestic rating multiplier.
9. There was strong support for the Government's proposals to uprate Revenue Support Grant, with 92% in favour.
10. There were 90 (47%) respondents that requested more funding certainty beyond 2020-21.
11. There were 66 respondents that requested more certainty over the implementation of the planned Review of Local Authorities' Relative Needs and Resources.
12. After considering these responses, the Government has decided to include this proposal as part of the provisional local government finance settlement for 2020-21.

## Negative RSG

### **Question 2 - Should central government eliminate negative RSG in full through forgone business rates receipts?**

Number of responses: 191

Respondents supporting the proposal: 122 (64%)

Respondents opposing the proposal: 69 (36%)

13. The technical consultation sought views on the proposal to eliminate negative Revenue Support Grant (RSG).
14. This approach is consistent with the Government's previous commitment, made during the implementation of the business rates retention system in 2013-14, that authorities' retained business rates baselines would be fixed in real terms until the business rates retention system was reset.
15. There was support for the Government's approach to eliminating negative RSG via forgone business rates receipts, with 122 (64%) agreeing with the proposals.
16. Some respondents opposed the Government's approach to eliminating negative RSG, with a number (36%) commenting that available resources should be distributed on the basis of need.
17. After considering these responses, the Government has decided to include this proposal as part of the provisional local government finance settlement for 2020-21.

## Council Tax

### **Question 3 - Do you think that there should be a separate council tax referendum principle of 2% or £5, whichever is greater, for shire district councils in 2020-21?**

Number of responses: 134

Respondents supporting the proposal: 95 (71%)

Respondents opposing the proposal: 39 (29%)

1. In the technical consultation the Government sought views on its proposals for a separate council tax referendum principle of up to 2% or £5, whichever is higher, for shire district councils.
2. Responses to the technical consultation indicate strong support for this proposal. A large majority (71%) of respondents were in favour.
3. The responses received from 81 shire districts suggested a high level of demand for the extra flexibility, with 59 of them agreeing with the specific proposal.
4. Almost a third of respondents, 43, argued that the cash figure should be greater than £5. 22 of these responses were from shire districts.
5. After consideration of the responses to the technical consultation, the Government has decided to include this as part of the package of council tax referendum principles at the provisional local government finance settlement 2020-21.

### **Question 4 - Do you have views on the proposed package of council tax referendum principles for 2020-21?**

Number of responses: 193

Respondents supporting the proposal: 125 (65%)

Respondents opposing the proposal: 68 (35%)

6. The technical consultation sought views on its proposals for its package of referendum principles for 2020-21.
7. There were 125 (65%) respondents who agreed with the Government's proposed package of council tax referendum principles for 2020-21.
8. There were 68 (35%) respondents who either opposed the proposed referendum principles or would like to see increased flexibility for local authorities to decide the level of council tax without a referendum.

9. Of those who opposed the proposed referendum principles, 39 stated that the 2% referendum principle would be inadequate to meet relevant funding pressures, citing it as lower than the 3% referendum principle from 2019-20.
10. There were 31 (16%) respondents that requested bespoke council tax principles. Of these, 16 were Fire Authorities or their representative body.
11. The Government notes the arguments put forward by a minority of respondents against the proposals. However, it believes that the package of principles proposed in the technical consultation strikes a balance between ensuring local authorities have access to sufficient resources, and limiting the impact on local taxpayers by ensuring that they can have the final say on excessive increases.
12. As such, and reflecting the majority support of respondents, the Government has decided to continue with this package as part of the provisional settlement for 2020-21.

## Social care funding

### **Question 5 - Do you agree with the Government's proposals for social care funding in 2020-21?**

Number of responses: 142

Respondents supporting the proposal: 110 (77%)

Respondents opposing the proposal: 32 (23%)

13. The technical consultation asked for views on the Government's plans to increase funding across adult and children's social care.
14. The proposals, which included an additional £1 billion of social care grant funding, including an element of grant equalisation, were supported by 110 (77%) respondents to the technical consultation.
15. There were 32 (23%) respondents who opposed the proposals. Of these, 28 disagreed with the overall quantum level proposed for 2020-21, stating that it was not enough to meet demand.
16. Some respondents that supported the overall package of funding did however oppose the methodology used to distribute the funds. Overall, 44 respondents expressed such concerns.
17. 15 respondents objected to increasing council tax flexibilities as a way of addressing funding pressures, arguing that this transfers the burden to local tax payers. Other respondents argued that additional council tax flexibilities can have uneven distributional effects, benefitting those areas with a larger tax base, unless equalisation is applied.
18. Lastly, 37 (26%) respondents to the technical consultation highlighted particular pressures on the funding of children's services, and 44 (31%) respondents stated that the Government should publish proposals on the future of adult social care.
19. After considering the responses to the technical consultation, the Government has decided to include these proposals in the provisional local government finance settlement for 2020-21.

**Question 6: Do you agree with the Government's proposals for iBCF in 2020-21?**

Number of responses: 137

Respondents supporting the proposal: 127 (93%)

Respondents opposing the proposal: 10 (7%)

20. The technical consultation sought views on the Government's proposals to continue existing iBCF funding at 2019-20 levels (£1.837 billion). There was strong support for the Government's plans, with 127 (93%) expressing overall support.
21. Of the 127 who supported the proposal, there were 48 who expressed specific support for rolling the grant forward another year.
22. A minority of respondents, 10 (7%), opposed the Government's proposals. These respondents argued that the iBCF should be increased in line with inflation.
23. There were 14 (10%) respondents who expressed support for the un-ringfencing of the Winter Pressures Grant, which provides £240 million to alleviate winter pressures on the NHS.
24. After considering these responses, the Government has decided to include these proposals as part of the provisional local government finance settlement for 2020-21.

## New Homes Bonus

**Question 7: Do you agree that there should be a new round of 2020-21 New Homes Bonus allocations for 2020-21, or would you prefer to see this funding allocated for a different purpose, and if so how should the funding be allocated?**

Number of responses: 183

Respondents supporting the proposal: 131 (72%)

Respondents opposing the proposal: 51 (28%)

Don't know: 1

25. 131 local authorities, 72% of the total respondents to this question supported a new round of 2020-21 NHB allocations, mostly arguing for stability year-to-year. 39 local authorities raised concerns over the proposal that new allocations in 2020-21 should not attract legacy payments.
26. 51 local authorities, 28% of total respondents to this question, opposed the proposed approach to New Homes Bonus. These authorities often argued that the money for New Homes Bonus should instead be distributed according to need across all authorities.
27. 26 local authorities commented on the New Homes Bonus baseline. 12 authorities wanted the baseline to remain unchanged, 4 authorities wanted the baseline lowered and 10 authorities wanted the baseline removed entirely.
28. After considering these responses, the Government has decided to include this proposal as part of the provisional local government finance settlement for 2020-21.

## Rural Services Delivery Grant

**Question 8: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?**

Number of responses: 154

Respondents supporting the proposal: 76 (49%)

Respondents opposing the proposal: 78 (51%)

29. The Government proposes to roll-forward 2019-20 allocations of Rural Services Delivery Grant, totalling £81 million.
30. Allocations in 2019-20 were distributed to the top quartile of local authorities on the basis of the 'super-sparsity' indicator, which ranks authorities by the proportion of the population which is scattered widely, using Census data and weighted towards the authorities with the sparsest populations.
31. 76 (49%) of respondents agreed with the Government's proposal, with 78 (51%) opposed.
32. Of those who opposed, 58 respondents questioned the basis on which Rural Services Delivery Grant was allocated.
33. After considering the even split of responses to this question, and in the interests of stability of funding in a year in which the Government is proposing to roll forward the previous settlement, the Government has decided to include this proposal as part of the provisional local government finance settlement for 2020-21.

## Equalities Statement

**Question 9 - Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

Number of responses: 44

34. We sought comments on the impacts of the proposals for the 2020-21 settlement outlined in the consultation document on persons who share a protected characteristic.
35. There were 44 responses to Question 9 that commented on the potential impact on people with protected characteristics. There were some respondents who mentioned persons with specific characteristics, with 8 (18%) respondents commenting that residents would be negatively affected on the basis of age (children and the elderly); 5 (11%) considered people with disabilities would be affected; and 12 (27%) considered residents in deprived areas would be affected.
36. Responses to this question have been considered and taken into account in developing the provisional settlement. A draft equality statement is published alongside the provisional settlement.